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HOST COMMUNITY AGREEMENT ADVISORY GROUP RECOMMENDATION

DATE: August 30, 2019

TO: Mayor Ruthanne Fuller

FROM: Host Community Agreement Advisory Group

SUBJECT: **Host Community Agreement Recommendation for Herbology, proposing a marijuana retailer at 131 Rumford Street**

EXECUTIVE SUMMARY

GR Vending MA Newton LLC (d/b/a Herbology), is proposing to become a recreational marijuana retailer at 131 Rumford Avenue. Members of the management team met with the Host Community Agreement (HCA) Advisory Group on May 23, 2019.

Herbology has a management team with experience in law enforcement, regulatory compliance, retail and cultivation. The proposed site is located adjacent to the City of Newton Resource Recovery Center and surrounded by a mix of commercial and industrial uses near the border with the City of Waltham. The site is vacant, allowing for the building and site design to be tailored to the particular needs of the business. The applicant



has presented well thought out plans for operations and security. The applicant has appropriate public health, community relations, and sustainability philosophies and the company will provide economic value to the city. For these reasons, and those described in more detail below, the HCA Advisory Group recommends moving forward with a provisional Host Community Agreement for Herbology's marijuana retailer at 131 Rumford Ave. and moving the applicant forward to the City Council's and the state's rigorous review processes.

CRITERIA FOR CONSIDERATION:

- I. Security – *Whether there is a sufficient commitment to public safety and a sufficient plan for controlling access to areas with marijuana and preventing sales to underage populations, and other similar factors.*

Herbology will provide security both inside and outside of the facility to ensure the safety of customers and employees and to prevent crime and diversion. Security will be provided through reinforced construction materials and technology, cameras, and on-site security personnel. All personnel will be trained extensively and Herbology will work with Newton Police and the Cannabis Control Commission (Commission) to ensure video cameras are properly positioned. Perimeter security, including motion sensors, alarms, and video surveillance, will be installed and intrusion detection sensors will be placed on all exit and entry points, including windows. Multiple redundant alarm systems will ensure the system does not fail in the case of a power outage and Herbology will provide the Newton Police Department with direct access to its video surveillance system.

All products will be located in locked, secure safe or vaults under video surveillance and only designated employees will have access to the vault and safe. As the site is currently vacant, the applicant will be constructing a new building, which presents security advantages. The building will include a delivery/loading dock that is entirely within the building. Delivery will be randomized and the driver will stay inside the vehicle during delivery while a manager will check the items against the manifest. When the overhead delivery door is open the interior doors will not open, requiring the delivery vehicle be completely inside and the door closed in order to open a door to the interior of the building. Herbology will also hire an outside vendor to perform an annual security audit. Herbology has taken steps to prevent diversion and nuisance.

Paul Ohm is listed as the principal security compliance official, and Brian O’Riordan as a local consultant and security advisor. Mr. Ohm is the Senior Vice President of Operations and Business Development for P4 Security Solutions LLC. He has nearly 20 years of military and private sector experience, and previously served as Director of Safety and Security for the University of Chicago. Mr. O’Riordan has served 25 years with the Massachusetts State Police, including working on an executive protection detail at the Democratic National Convention in 2004 and with the Middlesex County District Attorney, Massachusetts Attorney General, and Governor’s Executive Protection Unit. At the latter position, Mr. O’Riordan supervised domestic and international protection details for the governor, lieutenant governor, and attorney general of Massachusetts, along with visiting dignitaries.

The proposed security plan appears well thought out to both protect customers and employees and prevent diversion, while helping Herbology be a good neighbor.

- II. Public Health – *Whether there is a commitment to help monitor and mitigate health impacts to the neighborhood and to Newton’s youth and adult populations, assistance with local substance abuse prevention programming, and other similar factors.*

Herbology has stated they are committed to working with the Newton Health and Human Services Department to monitor and mitigate health impacts to the City including, but not limited to: ensuring that labeling of all marijuana products complies with state and local requirements; assisting with and providing resources for substance abuse education and prevention programming; and providing supplemental information to company-produced materials for customers regarding safe consumption, transportation and storage of marijuana products. The applicant also agreed to provide information in their store created by the City regarding substance abuse prevention and treatment and to provide links to such information on their website.

- III. Community Relations – *What are the plans for community outreach and addressing community concerns, experience with the Newton community, and other similar factors.*

Prior to the hiring of a local Community Engagement Officer, Lisa Hurwitz, Chief Marketing and Innovation Officer will oversee community outreach. Ms. Hurwitz has over 20 years of experience working within both agencies and consumer product goods companies such as Procter & Gamble North America and Kimberly-Clark.

Herbology has committed to soliciting extensive input from residents and neighborhood groups. In addition to the state-mandated community meeting, the applicant will start holding open houses approximately three months prior to opening and will provide a 24/7 contact number so any issues can be reported and resolved. The applicant has also committed to joining local business, civic and neighborhood safety associations and to have the Community Engagement Officer, Store Manager or Assistant Store Manager regularly attend meetings, and will participate in and provide sponsorship of community events. Herbology also requires every customer to sign a community norms pledge, which conditions status as a customer in good standing on a promise to refrain from loitering, nuisance behavior or any conduct deleterious to the neighborhood.

The Advisory Group recommends that the applicant continue to pursue community outreach efforts above and beyond the required community meeting.

IV. Experience – *What are the professional experiences and qualifications of the management team and other similar factors.*

Mr. Mitchell Khan, CEO for Herbology, is the co-founder and director of the Medical Cannabis Association of Illinois, which advocates for positive changes in cannabis policy. Mr. Khan also serves as a director of the Maryland Wholesale Medical Cannabis Trade Association and is an active member of the Pennsylvania Cannabis Coalition. Mr. Kahn is also the CEO of Frontline Real Estate Partners, a Chicago-based real estate investment and advisory company. Prior to transitioning to business, Mr. Kahn was a partner and practicing attorney focusing on corporate and real estate matters.

Steven Weisman, Chief Strategy Officer of Herbology's affiliated medical marijuana businesses, is also a co-founder and director of the Medical Cannabis Association of Illinois. Mr. Weisman serves as the Chairman of the Board of Leaf Trade, a wholesale cannabis marketplace working with cannabis wholesalers and retailers. Mr. Weisman has extensive experience in corporate governance and management of entrepreneurial businesses.

In addition to Mr. Ohm, Mr. O'Riordan and Ms. Hurwitz, the management team also includes Mathew Darin, Chief Financial Officer and Chief Operating Officer, Andrew Cohen, Market President for the East Coast, Brian Schinderle, Executive Vice President – Finance, and Josh Joseph, Director of Real Estate. The team has extensive experience in the retail, finance, real estate, investment management, and security in both cannabis and non-cannabis fields.

Herbology has assembled an experienced team who appear capable of success and positive integration with the community.

V. Sustainability – *What are the proposed sustainable and renewable energy practices, and other similar factors.*

The applicant has stated in they will seek LEED certification for the new building and include rooftop solar panels and are seeking biodegradable alternatives for product packaging. Employees of the Herbology location in Newton will be given free MBTA passes, transportation schedules, and secure bicycle racks to discourage driving to and from work. Herbology's website will encourage customers to utilize public transportation, bicycle infrastructure, and walking as well. Rumford Avenue is proximate to multiple MBTA bus

lines. Herbology has also focused on the supply chain in reducing their carbon footprint by developing a system of regional delivery zones and schedules in order to maximize the number of deliveries per trip, minimize the number of trips, and reduce fuel usage. They will also purchase wind energy offsets for their energy usage to reduce their net carbon footprint.

Herbology has developed a thoughtful sustainability plan and the Advisory Group recommends that Ascend commit to LEED certification and the installation of solar panels.

VI. Equity – *What are the qualifications of the Applicant under state Economic Empowerment and/or Social Equity programs.*

Herbology does not qualify for the state Economic Empowerment or Social Equity programs. However, they have created policies and initiatives to encourage diversity and to positively impact communities that have been disproportionately impacted by federal and state drug policies. Herbology's policies include promoting equity among minorities, women, veterans, people with disabilities, and people of all gender identities and sexual orientations in the operation of the marijuana establishment. Herbology will advertise their open positions in diverse areas, conduct outreach to local community groups, form a diversity and equality committee to promote equitable hiring practices, and provide incentives for existing employees to recruit individuals from diverse backgrounds.

Herbology will also prepare an annual report identifying the company's efforts to encourage diversity in the workplace and will provide trainings and informational sessions for areas that were disproportionately impacted and women, minorities, veterans, people with disabilities and people of all gender identities and sexual orientation.

The Advisory Group recommends the Applicant continue to identify specific ways in which they can partner with and positively impact areas and communities of disproportionate impact.

VII. Economic Value – *What is the amount of additional economic value the business would bring to Newton, e.g., new jobs, additional local tax revenue, increased property value, commitment to diverse and local hiring, commitment to use of local businesses for construction, supplies, product, and other business needs, openness to long-term community impact fees, and other similar factors.*

Herbology will invest in the build-out of a currently vacant site. Additionally, Herbology will

bring up to 24 salaried jobs to Newton, which it intends to source locally to the extent permitted by law. Herbology has indicated they will provide 3% of gross revenue to the City, in addition to the 3% local sales tax option. Herbology projects that the City will receive an average revenue of approximately \$640,000 annually (inclusive of both the HCA fee and sales tax) from the establishment.

- VIII. Context – *Whether the proposed facility is not clearly inappropriate in terms of location, operations as well as transportation, traffic and parking, with those final decisions reserved for the City Council during the Special Permit process.*

The proposed site, at 131 Rumford Avenue, is located in Auburndale, in the vicinity of Lexington Street, near the Waltham city line. The northern side of Rumford Avenue is occupied largely by office uses, to the east and south is a storage facility and to the west is the City of Newton Resource Recovery Center.

The subject property consists of an approximately 20,000 square foot lot of undeveloped land, with a gravel driveway and grassy expanse. The property is located in the Business 2 (BU2) zone. The site is not within the 500-foot buffer zone for any schools or childcare uses and exceeds the half-mile buffer from any existing or approved marijuana retailers or registered marijuana dispensaries. The applicant proposes to construct a one-story commercial building containing approximately 5,000 square feet on the site. Within the building, approximately 2,000 square feet will be devoted to the sales floor and approximately 3,000 square feet will be utilized for the internal delivery area, offices, security areas, and other ancillary uses.

There are currently no striped parking stalls in the gravel parking area on the site, but site plans demonstrate a paved parking facility with 25 striped stalls. Employees would be allowed to park onsite but would also be encouraged to utilize transit and will be given MBTA passes, and there will also be bicycle parking onsite for both employees and customers. There is underutilized parking along Rumford Avenue and the applicant has offered to locate cameras to ensure employees and customers are not parking at the office complex across the street.

Preliminary plans show trees lining the rear of the site and landscaped areas along the south and east sides of the building. The Advisory Group recommends the applicant continue to develop the landscaping and lighting plans. The proposed site is relatively isolated from residential uses and constructing a new building allows the opportunity to tailor the design

and security features to the use.

RECOMMENDATION:

The proposed marijuana retailer brings a team with deep law enforcement, security, and retail experience. Herbology has demonstrated success in managing, hiring, overseeing operations and training both in and outside of the cannabis industry. The Applicant has also committed to maintaining positive relationships with the community and neighboring businesses and residents. Herbology has committed to engaging the community, providing 24/7 contact information in order to immediately address any potential issues, and has developed a thorough security plan. The proposed site is vacant, which presents several advantages as the site and building can be designed specifically to fit the use, including a secure loading/delivery area entirely within the building. The applicant has committed to designing the building to meet LEED certification levels and will include solar panels and other initiatives to reduce energy consumption and waste. There are no residential buildings on adjacent properties and the location near the border with Waltham allows the applicant to serve an adjacent community while minimizing traffic impacts within Newton. Herbology has also committed to diversity in hiring, however a more detailed plan is needed to demonstrate how they will positively impact disproportionately impacted areas and communities.

Based on this preliminary analysis, the HCA Advisory Group recommends moving forward with a provisional host community agreement for GR Vending MA, LLC. As part of the Special Permit process, the City Council may wish to consider these topics in more depth; in particular, the applicant and the City Council may want to see more detail for parking plans, lighting, and landscaping.